

JOINT FINANCE COMMITTEE AND SELECTMEN MEETING

December 7, 2016

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Meeting Date: December 7, 2016

Called to Order: 6:02 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Fred Bowman, Greg Garrison, Patricia Pruitt, and Michael Naughton. Chris Menegoni was absent.

Selectmen Present: Chris Boutwell, Michael Nelson and Richard Kuklewicz.

Others Present: Town Administrators Frank Abbondanzio and Steve Ellis, and Town Accountant Carolyn Olsen

Minutes -

Selectmen Moved:

To approve the minutes of September 14, 2016.

Vote: 2 In Favor 0 Opposed 1 Abstained

Selectmen Moved:

To approve the minutes of September 21, 2016.

Vote: 2 In Favor 0 Opposed 1 Abstained

Finance Committee Moved:

To approve the minutes of September 21, 2016.

Vote: 5 In Favor 0 Opposed 0 Abstained

Town Administrator Fiscal Year 2018 Budget Presentation

See handouts at end of minutes.

Mr. Abbondanzio presented his forecast and the budget message that was distributed to departments today. Some items noted include:

- Fiscal Year 2017 had a 5% increase in state aid revenue, a significant amount of new growth in personal property.
- Fiscal Year 2017 budgeted expenditures increased 3% in total.
- The most significant Fiscal Year 2017 budget items were additional employees, one-time costs for the retirement of the Town Administrator, and 7% increases in Health Insurance Premiums.
- There was a larger increase in the GMRSD assessment than anticipated because town meeting approved \$50,000 more than the affordable assessment.
- \$84,600 of the increase in Fiscal Year 2017 revenues were used for one-time expenses, which essentially makes that amount available for ongoing costs for Fiscal Year 2018.
- The Town finally caught up to 2009 state aid levels in Fiscal Year 2017. Fiscal Year 2018 state aid could be negatively affected by the lack of revenue growth for the state. MA Taxpayers are estimating a 2.6% increase in state aid; DOR is projecting 3.4% so it should be safe to assume a 3% increase in state aid. Chapter 70 is likely to include some modest per-pupil increase.
- Free Cash is currently at a decent level. Mr. Abbondanzio assumes continued use of \$250,000 for the operating budgets.

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- There is still a question of how much the Town will have to commit for WPCF capital improvements to continue the Montague process for treating out of town sludge.
 - Mr. Kuklewicz thinks it's important to leverage the needs of local towns in obtaining state assistance.
 - A year-long study will begin in January as required by DEP. WPCF Superintendent McDonald is pursuing grants to assist in funding this project.
 - Mr. Hanold suggested a future meeting with Superintendent McDonald to review the progress to date.
- Mr. Abbondanzio's Fiscal Year 2018 revenue assumptions include \$120,000 in new growth, no new debt exclusions, \$450,000 for the overlay, and taxing to the limit for a total "Taxation" of \$16,005,007.
- The Colle building is continuing to generate revenues in excess of annual costs, which increases the amount that will eventually be needed for capital improvements. The building must be retained by the town for a minimum of 30 years after the building was essentially rebuilt in 2003 because of grant restrictions.
- Mr. Abbondanzio assumed the use of \$125,000 each to the GMRSD assessment and the town's general operating budget.
- Salaries and wage increases for two unions are built into the estimated budget. For those unions, a 1.5% increase is being granted in addition to steps. No wage adjustments are included for the unsettled contract.
- The town may be able to negotiate a reduced increase for solid waste removal by renewing before the end of the current contract.
- Health insurance premiums are estimated to increase by 8.5%.
- Town general insurances will increase no more than 5%.
- The Montague assessment for the Franklin County Technical School is likely to increase by about 5%. Montague has the same number of students, but the total student population is down, and the budget will likely increase.
- A new DPW building will be on the Annual Town Meeting warrant. The current estimate remains at \$11.5 million.

Mr. Abbondanzio handed out copies of the budget message that was sent to town departments. A level services budget was requested for Fiscal Year 2018, with funding guidelines for various categories. Narratives were requested.

GMRSD Affordable Assessment

Decide whether to keep current GMRSD Affordable Assessment formula, change formula, or switch to an affordable assessment for combined school district assessments.

Mr. Hanold noted that the BOS and FC need to determine what revenue assumptions will be used, particularly New Growth, Free Cash, local receipts, and State Aid, in order to generate an estimated Affordable Assessment. It may be worth meeting again this month to make those determinations prior to setting an Affordable Assessment for the GMRSD.

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It was decided not to make any changes in the Affordable Assessment calculation for Fiscal Year 2018, but to reconsider the option (with the districts and Gill) after the current budget season.

Department Meetings

Select preliminary list of departments to meet with for Fiscal Year 2018 Budget.

- The current list includes IT, Accountant, Treasurer, Town Clerk, Assessors, Library, Parks & Recreation, Police/Dispatch, Benefits, General Insurance, Intergovernmental, Planner, DPW, WPCF, GMRSD, FCTS, Capital Improvements Committee, and Town Administrator.
- Final selection of additional departments is scheduled for January 4th.
- It was decided to not meet with Parks and Recreation unless they request a meeting.

Meeting Schedule

- Mr. Hanold reviewed the potential meeting schedule for the Fiscal Year 2018 Budget.
- Mr. Naughton asked specifically about capital maintenance and improvement plans for all town buildings. It was suggested to have a town-wide study by a commercial building inspector or an architect to evaluate, prioritize, and provide cost estimates for all buildings. This request would be generated by the Selectmen/Planner/DPW Superintendent and would go to the Capital Improvements Committee for review.
- The current schedule for meeting with the CIC may be moved forward.
- Mr. Kuklewicz noted that he is unavailable on the second Wednesday of every month.
- Mr. Hanold will pencil in feedback on the town building study for January 25th.
- It was proposed to move the FCTS from March 15th to February 22nd.

Open Meeting Law

Mr. Naughton shared his notes from the recent KP-Law presentation on the Open Meeting Law changes:

- “Meeting” specifically excludes attendance by a quorum at a meeting of another governmental body . . . so long as the visiting members communicate only by open participation in the meeting of those matters under discussion by host body as would others, and do not deliberate.
- Do not send emails to individual members incorporating opinions given by other members.
- Definition of Deliberation: “[A]n oral or written communication through any medium, including electronic mail, between or among a quorum of a public body on any public business within its jurisdiction . . .”
 - Excludes: distribution of meeting agenda & materials, scheduling information, distribution of other materials or documents that may be discussed
 - Provided that no opinions of governmental body are expressed.
 - An “expression of an opinion on matters within the body’s jurisdiction to a quorum of a public body is a deliberation, even if no other public body member responds”
- K&P advice: Don’t use email, except for agenda, document distribution, scheduling
 - To cure a violation caused by deliberation through e-mail, **the entire e-mail must be read out loud at a duly noticed public meeting**
- Use town email server (or copy staff member on all emails)
- 48 hours’ notice: Saturdays, Sundays, holidays excluded (Fridays okay)
- Montague has NOT designated the town web site as a designated posting location. (If it does, all meeting notices must be posted there)

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- Notice: Listing of topics should be as specific as possible
- Topics not on the agenda may be discussed (**and voted on**) – but try to avoid if possible
- If meeting is being recorded, officially, and/or by private individual(s), the Chair must make a public statement saying so
 - Individuals who plan to record must inform the Chair
- Board of Selectmen must authorize town boards to use remote participation. If used, certain rules apply.
- Discussion of minutes
 - Members not present at the meeting may participate in vote to accept minutes
 - Final minutes signed by clerk of the committee

Additional discussion included:

- If there's ever a problem, any e-mail sent to a public body becomes a public record, and if it was sent from a private e-mail, potentially the entire private e-mail account can be subpoenaed.
- Mr. Kuklewicz would like town board members to have town accounts, said he requested it but got no traction.
- Mr. Ellis suggested creating a mechanism for the cleanest process.
- Mr. Naughton suggested having a policy.
- Joint meetings – If a joint meeting of the Selectmen and Finance Committee includes a quorum of Capital Improvements Committee (CIC), any deliberations under the jurisdiction of the CIC are in violation unless there's a public meeting posting for the CIC.
- Mr. Kukewicz suggested creating a town-wide agenda template.

Topics not anticipated within in the 48 hour posting requirements – None

Next Meeting Date: December 14, 2016 – determine revenue estimates and preliminary Affordable Assessment.

Meeting adjourned at 8:22 PM

List of Documents and Exhibits:

- September 21, 2016 Minutes
- Mr. Abbondanzio's Budget Forecast for Fiscal Year 2018

Minutes approved 12/14/16

John Hanold, Chair

**FY 2018 BUDGET DISCUSSION AND
RECOMMENDATIONS
SELECTMEN AND FINANCE COMMITTEE
November 30, 2016**

I. INTRODUCTION AND PURPOSE OF MEETING

- A. Summary of FY 2017 Budget
- B. Summary of Budget Trends and Constraints for FY 2018
- C. FY 2018 Revenue Assumptions and Estimates
- D. FY 2018 Expenditure Assumptions and Estimates
- E. Discussion of FY 2018 Budget Recommendations

II. SUMMARY OF FY 2017 BUDGET

- (A.) The FY 2017 budget, vote at the annual town meeting and the supplementary appropriations that were made at the September 29, 2016 special town meeting, reflect an improving revenue picture. The initial budget was prepared with the expectation that state aid would increase by \$71,342 or 4.73%. In June, we received the good news that new growth for the year would be about \$265,000, well in excess of the amount estimated. This enabled the town to support the implementation of collective bargaining agreement negotiated after the Annual Town Meeting, the additional, unanticipated funds needed to fund the Gill Montague Regional School Assessment, as well as several other important spending initiatives made at the Fall Special Town Meeting.
- (B.) The town's total budget for FY 2017 (\$22,978,645) represented an increase of \$672,419 or 3.01% compared to FY 2016 including:
 - General fund spending (\$8,725,506) - \$328,723 or 3.92 % increase.
 - Sewer expenditures (\$2,331,733) - \$86,320 or 3.80 % increase.
 - Airport enterprise (\$48,812) - \$2,534 or 5.5 % increase
 - Education assessments (\$9,461,927) - \$202,969 or 2.2 % increase.
 - Special Articles (\$2,308,517) - \$6,596 or .29 % increase.
- (C.) Some of the more significant elements of the FY 2017 general fund budget were the following: Personnel Costs – increased by \$141,800 or 3.7%. Much of this increase was attributable to the addition of two new staff people in the DPW. The FY 2017 Selectmen's budget also contained one-time, extraordinary costs associated with the Town Administrator search process, overlap between the former and new Town Administrators, and retirement buyout costs for the former Town Administrator. Expenses - Increases on the expense side were driven primarily by Employee Benefits and General Insurances, which increased by \$115,599 or 6%. This included a 10.6% increase in health insurance driven by 7% increase in premiums. This is the first significant increase in health insurance in the past five years.

- (D.) Enterprise Fund - The FY 2017 budget for the Montague Water Pollution Control Facility increased by \$86,820 or 3.87 % over FY 2016. The Operation and Maintenance budget for the WPCF increased by \$75,941 or 5.0 %. Employee Benefits costs increased by \$22,033 or 9.7% for the same reasons cited above under the general fund discussion.
- (E.) Education - Educational costs increased by \$202,969 or 2.2% in FY 2017. These included a \$352,830 or 4.15% increase in the Gill-Montague assessment and a \$101,259 or 13.3% decrease in the Franklin County Technical School Assessment. This decrease was due to a reduction in the number of Montague students attending the tech school.

III. BUDGET TRENDS AND IMPLICATIONS FOR THE FY 2018 BUDGET

A. Property Taxes

- As in most years, the town of Montague is expecting to levy taxes nearly up to its maximum levy limit under Proposition 2 ½ in FY 2018. Based upon numbers contained in the preliminary tax recapitulation sheet, there will be \$2,863.10 in excess taxing capacity available in FY 2018.
- The Town realized approximately \$265,398 in “new growth” in FY 2017. This number is considerably higher than the amount that was estimated (\$120,000). These additional revenues (approximately \$145,398) are now part of the allowable permanent levy limit. They were available for use in FY 2017, and will continue to be available for use in the FY 2018 and future budgets. Most of this additional tax revenue was used in FY 2017 either (1.) as a source of funding for the Gill Montague Regional School Assessment or (2.) to fund appropriations made at the September 29, 2016 Special Town Meeting. Approximately \$71,598 of that amount were used to fund recurring expenses, including the funding of wages/salaries negotiated for union and non-union personnel and to fund the Gill-Montague School assessment to meet the annual town meeting appropriation which was \$48,602 more than the recommended affordable assessment. These expenses are now built into the permanent tax base. It should be noted, however, that \$84,600 of these additional tax revenues were used to fund “one time” expenses; and are not currently committed for a particular use in FY 2018.
- There are no indications that the town will realize more new growth in FY 2018 than we experience in an average year. The Assessing Director reports that there will be some new growth realized from the Hillside Plastics expansion, from the completion of the Montague Center School and Millers Falls Commercial Homesteading Projects, and the installation of three solar projects, if the courts do not exempt these projects from taxation. Residential new growth will be minimal with building permits for only 5 new single family homes recorded. One unknown, however, is the potential personal property new growth from system upgrades that Eversource has been making. In FY 2017 that activity netted the Town \$5 million in new value, and was a major contributor to new growth. Existing tax increment financing agreements are not expected to generate any significant amount of new value in either FY 2017 or FY 2018.
- Debt service costs associated with the implementation of large capital projects (High School/Middle School, Sewer Separation, and Police Station) are included as debt

exclusions. Although the town has approved several new debt exclusions, none are expected to impact the tax rate FY 2018.

B. State Aid

- In good years State Aid could once be counted upon to provide approximately \$100,000 each year in revenue growth. During the “Great Recession” years the town actually experienced major cuts in its state aid, losing up to one third of its previous total. It is only this year that state aid levels had finally recovered to their 2009 levels.
- It appears that FY 2018 will be a year when uncertainty will prevail. The State tax revenue situation is currently clouded by the recently Presidential election, the consequences of which for Massachusetts are unknown. The State has also experienced slower than anticipated economic growth which resulted in a deficit at the end of FY 2016 and the resulting need to revise the FY 2017 revenue forecast downward. As we continued into the first quarter of FY 2017, revenues continued to be weak, leading the Governor to consider the possibility of 9C midyear cuts at some point. Although these cuts are becoming increasingly less likely; and the Governor has promised to hold local aid harmless this year from such cuts, 9C is still on the table for the current year.
- According to John Robertson, fiscal policy analyst for the Massachusetts Municipal Association, many decisions are pretty much on hold pending the State’s Consensus Revenue Forecast which will take place on December 5th. This is when leading economist from several organizations make an assessment of the state of the economy and projections about future economic growth in the state. One thing that seems certain is that the forecast for FY 2018 will be more conservative than those made in FY 2016 and FY 2017, when growth was projected at 4.8% and 4.3% respectively. John feels that it may be more in the mid to low 3% range. Governor Baker has made a commitment to tie growth in local aid (unrestricted local aid account) to the growth rate of the State economy. This suggests that we can expect local aid increases (unrestricted aid) to be in the 3% range. Chapter 70 would probably include a minimum per student increase (\$25 – estimate). More than likely, the State will be prioritizing its education funding in the area of programs that narrow the “achievement gap”.

C. Local Estimated Receipts

- There is no reason to believe that local estimated receipts will increase significantly in FY 2018. Where receipts do increase these increases should be very modest.
- Motor vehicle excise tax revenues, which comprise about one half of all local receipts, have already experienced the significant rebound from the stagnant growth that characterized this revenue source throughout the “great recession”. These increases mirrored the recovery of the consumer economy, and the automobile industry in particular. More people purchased cars during this recovery period; and this was reflected in higher excise tax receipts that have been received in the past couple of years. This pattern now appears now to have plateaued.
- Building permit fees. The development of new homes/businesses will continue to be retarded by the availability of easily developable house lots. Residential construction, particularly the construction of new single family homes, in particular, will continue to be modest. The volume of building permit fees issued in calendar 2016 closely mirrors the number issued last

year, with most of the building activity limited to housing maintenance/energy efficiency (roof replacement, insulation, windows and pellet/wood stove permits) and not construction of new homes or businesses. Only five new, single-family homes were constructed this year.

- Locally, we have also been very conservative in the estimation of local receipts to avoid potential end-of-year deficits. This is a wise policy; and allows for flexibility in the budget. It is possible that modest growth in local receipts could occur if the economy continues to improve.

D. Free Cash

- This year the State Department of Revenue certified the Town's Free Cash at \$540,285 as of July 1, 2016. Based on historical averages this would be considered a moderate amount of free cash to start the fiscal year. The town did hold a special town meeting this Fall, and at that meeting appropriated a total of \$133,346 from free cash. This leaves a balance of \$406,939.
- A modest amount of free cash is still "imbedded" into the operating budget. \$250,000 was used at the annual town meeting to reduce the tax rate. \$125,000 was used to fund the town's operating budget and \$125,000 to fund the Gill-Montague Regional School District assessment.

E. Stabilization Fund

- The current balance in the Stabilization Fund is \$873,247. This balance meets the target established under the Town Financial Policies calculated as a percentage of the FY 2017 operating budget expenses, and is considered an amount that is fiscally prudent.

F. Other Available Funds

- Sewer Retained Earnings – The Town currently has a balance of \$176,696 in its sewer retained earnings account. The town started the year with an unusually high balance (\$376,696) in this account, but expended \$200,000 from this account at the September 29, 2016 special town meeting. This expenditure was made to reduce the sewer rates in FY 2017.
- A balance of \$2,815 exists in the Airport Retained Earnings Account.
- Colle Receipts Reserved - the Colle Operations account had a cash balance in excess of \$200,000. Some of this amount has been encumbered as part of the FY 2017 budget that will continue to be spent through June 30, 2016. The Town will also continue to collect lease payments during the remainder of the fiscal year and add to this balance. Since its opening in 2003, the Colle Building has operated as a totally self funded operation. This was possible because the building was fully occupied during the entire time. We are pleased to report that the building is currently fully occupied by the Northeast Foundation for Children.

IV. FY 2018 Revenue Assumptions

A. Property Taxes

- We assume that the Town will levy to the maximum levy limit in FY 2018.
- We assume that “new growth” will more closely approximate the \$120,000 average. The Board of Assessors is not anticipating any extraordinary increases in values that would result in a higher than normal new growth figure nor does not foresee any major gains in new growth resulting from tax increment financing agreements.
- All projections assume the debt exclusion figures contained in the Town Accountant’s schedule for FY 2018 (\$679,905).
- No proposition 2 ½ overrides or additional debt exclusions are assumed.
- We assume that \$450,000 will be set aside in the overlay account. This is the second year that this account will be funded at this level. The majority of this funding has been set aside in association with a case that the Assessors are pursuing before the Appellate Tax Board (ATB). This is the fourth year in succession that funds have been set aside for this purpose. A hearing before the ATB has been scheduled for June of 2017. It is possible that the parties could agree to a settlement before that time, meaning that a significantly lower allowance for abatements and exemptions could be appropriated. It is impossible to determine at this time.
- The FY 2018 property tax levy with these assumptions is **\$16,005,007**.
- Increase in property tax revenue, not including debt exclusions which are offset, will be **\$501,832 or 3.23%** in FY 2018. This includes \$381,832 from the 2 1/2 % increase allowed under Proposition 2 ½ and \$120,000 in new growth.

B. Local Estimated Receipts

- All revenue scenarios assume that local receipts will be **\$1,394,163** in FY 2018. This represents an increase of **\$27,337** or 2.0 % from the local receipts number estimated on the recap sheet for FY 2017 and an increase of \$79,163 or 6% from the estimate used in the preparation of the FY 2017 budget.
- Sewer user fees, which are considered a separate enterprise account, will be determined by actual spending under the Water Pollution Control Facility budget and the use of any sewer reserves voted by the Sewer Commissioners. This forecast is carrying a tentative number of \$2,334,520.

C. Available Funds

- At this point, we are not assuming any use of stabilization funds in FY 2018, but this will probably change as the budget process advances. The Town used \$325,325 from either the Town General or Town Capital Stabilization fund at the FY 2017 Annual Town Meeting in May, and an additional \$73,346 from Town Stabilization at the Special Town Meeting in September.
- We are assuming that the cost of funding (\$53,877) the School Resource Officer at the Franklin County Technical School will be fully reimbursed
- We are assuming that the FY 2018 Colle operating budget (\$98,025) will be funded by Colle Receipts Reserved for Appropriation.

D. Free Cash

- We are assuming that **\$250,000** in free cash will be used in the funding of the budget. This is the same amount used in FY 2014. In FY 2014, \$125,000 was applied to both the Town Budget and Gill Montague Regional School District Assessment.
- We are not assuming the use of Free Cash to fund special articles at this point. This may change as we get further into the budget process.
- The town did not appropriate any free cash to fund capital projects at the annual town meeting or at the subsequent special town meeting on September 12, 2013.

E. State Aid

- Due to the uncertainties in the State budget this year, the Town should not expect to see a significant increase in local aid. At the same time, we can probably assume that the Governor will continue to honor his pledge to peg the unrestricted portion of local aid increases to the percentage growth in the Massachusetts economy. The actual percentage will not be known until the State completes its consensus revenue estimate on December 5th. We are assuming that this number will probably be in the 3 to 3.5% range. This means that we can probably expect an increase of that magnitude in unrestricted state aid. State aid projections will be revisited once the consensus revenue estimates and the Governor's budget (House One) have been released
- A 3% increase in unrestricted state aid would result in a net state aid number of **\$1,626,051**. This represents a \$41,339 or 2.6% increase over what was budgeted for state aid at the FY 2018 annual town meeting.
- It should be cautioned, however, that a lower than anticipated consensus projection of economic growth could place the state in a position where it does have to level fund state aid.

F. Revenue Summary

- Under this forecast projected increases in the three revenue categories considered (Property Taxes, State Aid and Local Receipts) will produce a total increase of \$622,334 in FY 2018.

V. FY 2018 EXPENDITURE ASSUMPTIONS AND ESTIMATES**A. Salaries and Wages**

- The FY 2018 expenditure projection assumes that no additional full or part time staffing, not already accounted for in the FY 2017 appropriation, will be added to the general fund payroll.

- Although the costs are not reflected in the current budget, it is assumed that some level of additional staffing may be required at the Water Pollution Control Facility in order to meet requirements to run the “Montague Treatment Process”. The required final staffing plan and associated compensation plan is currently being developed by the WPCF. Any necessary staffing changes will ultimately be reflected in the WPCF wages/salaries line item and in the benefits line items of the budget.
- It is assumed that the town will succeed in reaching an agreement with the one remaining union (IBPO), currently without a contract, prior the finalization of the budget at a level that is close to or the same as the other two units. The Town has already settled with the other two unions (TOMEA and UE), and is about to begin mediation with the IBPO.
- The salary and wage numbers contained in the recommended budget assume that eligible employees receive step increases recommended in the pay and class study and a 1.5 % cost of living raise. Under these assumptions, total town personnel costs, not including WPCF, would increase by \$41,572 or 1% over FY 2017. This increase is significantly lower than one might expect because the FY 2017 budget included one-time costs associated with the Town Administrator search and retirement, and positions that were paid at a higher level in FY 2017, including the Town Administrator and Treasurer/Collector.

B. Departmental Expenses

- It is assumed that departmental expense accounts have been funded to reflect a Level Service Budget with the FY 2017 appropriations. Department heads will be asked to reduce costs where opportunities to do so exist. At the same time, it is realized that some budgets may be subject to contractual increases or increases that are uncontrollable; and that increases in excess of inflationary growth may occur.
- It is difficult to project what a level service budget will cost in terms of every day operating expenses. An effort was made to get a ballpark estimate from department heads of potential increases from some of the larger departments including the DPW, and Employee Benefits.
- The DPW combined budget is expected to increase by \$19,822 or 1.6%. Expenses would increase by \$7,500 or 2.0%.
- The Solid Waste Budget is expected to grow by \$10,000 or 2.75 %.
- The cost of Snow and Ice Removal is expected to increase by \$226,500 or 3.5%.
- Utility costs are assumed to increase by \$2,785 or 2.5%.

C. Debt Service

- FY 2018 debt service expenses will decrease by \$27,592 or 4.6 % to \$631,480. The reduction is due primarily to pay down of debt service requirements.

D. Intergovernmental

- The Intergovernmental budget includes the assessments from the FRCOG, FCSWMD and the Veteran's District.
- This budget assumes that Intergovernmental budget at \$91,933 will decrease by \$541 or .006%. Most of the assessments are estimates only and assume a 2.5% increase. The only assessment that has been confirmed is FCSWMD.

E. Employee Benefits and Town Insurance

- The Miscellaneous budget includes Retirement (contributory and non-contributory), workers compensation, unemployment compensation, health insurance, life insurance, Medicare and Town Insurances.
- This budget assumes that the Miscellaneous budget at \$2,200,658 will increase by \$143,967 or 7.0 % in FY 2018.
- Retirement expenses are unknown at this time but are projected to increase by \$35,829 or 4.2 % in FY 2018. Non-Contributory Retirement expenses are projected to be level funded.
- Health Insurance costs will increase by \$98,269 or 10.3% in FY 2018. Health Insurance accounted for 46.3 % of the Miscellaneous Budget in FY 2017. At this point the town does not know what the final cost will be for health insurance in FY 2018, but are projecting an increase of 8.5% in premiums. The final number will probably not be known until late December or early January.
- The budget for Workers Compensation is projected to increase by \$2,560 or 5.0% in FY 2018. This is an early projection.
- The budget numbers projected for Unemployment Compensation and Life Insurance are both been level funded at \$10,000 and \$17,000 for FY 2014.
- Medicare costs are projected to increase by \$2,250 or 5 % over FY 2014.
- Town Insurance costs are projected to increase by \$2,652 or 5%. This is an early estimate.

F. School Assessments

- The assessment for the Gill/Montague Regional School District is budgeted at **\$9,117,678** for FY 2018. This is a \$265,564 or 3.0% increase over FY 2017.
- This budget assumes that the assessment for the Franklin Technical School will increase by \$39,561 or 6.0% over FY 2017 to **\$698,917**. This assessment assumes that the District will have the same number of Montague students in FY 2018 as it does in FY 2017, but will pay a higher assessment percentage because overall enrollment at the Tech School is down considerably. The projected assessment also assumes a 3% increase in operating cost

G. Water Pollution Control Budget

- It is assumed that the Water Pollution Control Budget will decrease by \$69,212 or 3%. This budget assumes a \$105,302 or 6.6% reduction in the operations and maintenance portion of the budget (440), a \$49,351 or 11.5% increase in the debt portion of the budget and a \$13,261 or 5.3% reduction in employee benefits portion of the budget. The Highway Subsidiary budget is level funded. This budget is considered extremely tentative as the

Superintendent is currently in the process of addressing staffing issues; and some of the positions will be reclassified most likely prior to the submission of the budget by the WPCF.

- The proposed staffing level is expected to include fewer employees than the plan included in the FY 2017 budget; and although several positions will be reclassified at a higher level, the net effect of wage and salary increases will not be nearly as great as that required to implement the reorganization plan that was submitted as part of last year's budget.
- It is assumed that FY 2018 expenses represent a level service budget.
- At this point, we are not in a position to project the FY 2018 cost of Sludge Disposal. The Town will, over the next 12 months, be studying the benefits of continuing the "Montague Process". There is currently a realization that the town's ability to avoid the disposal of sludge altogether through the use of the Montague Process was probably unrealistic. It remains to be determined just how much sludge will need to be disposed of externally and at what cost.
- The department also does not envision any savings on the Electricity line item – a budget buster in FY 2013 and FY 2014.
- Employee benefits (retirement, health insurance etc.) for water pollution control personnel are assumed to be subject to the same potential scenarios described above.
- Debt service for the sewer enterprise fund will increase by \$100,206 or 27.8%, reflecting the scheduled pay down of sewer bonds including the new debt service associated with the Millers Falls Road/Industrial Boulevard emergency project.
- The town's share of the Millers Falls sewer assessment is also assumed to be level funded at \$180,000. This is a planning number only.

H. Special Articles

- It is assumed that the DPW will request \$100,000 for the DPW Discretionary Fund.
- It is assumed that the DPW will purchase a one ton dump truck at a cost of \$60,000 (high estimate)
- It is assumed that the DPW will request a major capital project – the design and construction of a Public Works Facility that could cost as much as \$11.5 million.
- As the Capital Improvements Committee has not put out a request for proposals as yet, we have no way of knowing what special articles will be recommended.

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Comparison of Expenditures FY2017-FY2018

Category	FY 2017	FY 2018	\$ Change	% Change
General Government				
Town Meeting	1700	1700	0	0
Selectmen	197278	162769	-34509	-17.4
Finance Committee	690	690	0	0
Reserve Fund	60000	60000	0	0
Accountant	75104	76138	1034	1.4
Assessors	160715	164308	3593	2.2
Treasurer/Collector	218050	205173	-12877	-5.9
Town Counsel	70000	70000	0	0
Information	35055	35055	0	0
Shared Costs	51509	51109	0	0
Town Clerk	145490	136023	-9467	-6.5
Planner	86131	88783	2652	3.1
ZBA	1650	1650	0	0
MEDIC	800	800	0	0
Utilities	111435	114500	3065	2.7
Sub Total Gen. Govt.	1215607	1168698	-46,909	-3.9
Public Safety				
Police	1532016	1586509	54493	3.6
Dispatch	277953	285858	7905	2.8
Building Dept.	127106	128804	1698	1.3
Sealer	2750	2750	0	0
Emergency Mgt.	5490	5490	0	0
Animal Control	18396	18396	0	0
Forest Warden	1631	1631	0	0
Tree Warden	14210	14210	0	0
Sub Total Pub. Safety	1979552	2043648	64096	3.2
Education				
Franklin Tech	659356	698917	39561	6
Gill Montague	8852114	9117678	265564	3
Sub Total Education	9511470	9816595	305125	3.2
Public Works				
DPW Combined	1243223	1263045	19822	1.6
Snow and Ice	219000	226500	7500	3.4
Solid Waste	447500	457500	10000	2.2
Cemeteries	7000	7000	0	0
Sub Total Pub. Works	1916723	1954045	37322	1.9

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Category	FY 2017	FY 2018	\$ Change	% Change
Health & H/ S.				
Board of Health	137995	141757	3762	2.7
Council on Aging	44252	45489	1237	2.8
Veterans	164000	164000	0	0
Sub Total Health&HS	346247	351246	4999	1.4
Recreation and Cult.				
Libraries	364970	384975	20005	5.5
Recreation	120920	123458	2538	2.1
Historical Commission	500	500	0	0
War Memorials	1200	1200	0	0
Sub Total Rec.& Cult.	487590	510133	22543	4.60%
Debt				
Long Term Principal	417528	404071	-13457	-3.2
Long Term Interest	226544	212409	-14135	-6.2
Short Term Interest	15000	15000	0	0
Sub Total Debt	659072	631480	-27592	-4.2
Intergovernmental				
FRCOG	52147	53451	1304	2.5
FRCGO Emerg. Comm	4230	1336	-2894	-68.4
FCSWMD	24489	25109	620	2.5
FRCOG REPC	150	200	50	33.3
Veterans District	11458	11837	289	2.5
Sub Total Intergov.	92474	91933	-541	-0.006
Miscelleaneous				
Non Contrib. Ret.	16794	16794	0	0
Retirement	861504	897343	35839	4.2
Workers Comp	53000	55650	2560	5
Unempl. Comp	10000	10000	0	0
Health Insurance	951731	1050000	98269	10.3
Life Insurance	17000	17000	0	0
Medicare	53031	55683	2652	5
Ret. Hins Other	235	235	0	0
Insurance	92946	97953	4647	5
Total Miscellaneous	2056241	2200658	143967	7
Total General Fund				
Colle	102150	98025	-4125	-4

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Category	FY 2017	FY 2018	\$ Change	% Change
Airport	49020	49840	820	1.7
Water Pollution Cont.				
Oper.&Maint.	1602016	1496714	-105302	-6.6
Highway Subsidiary	50000	50000	0	0
Sewer Debt	430457	479808	49351	11.5
WPCF Benefits	249260	235999	-13261	-5.3
Sub Total WPCF	2331733	2262521	-69212	3